GOVERNMENT INCENTIVE PROGRAMS FOR ENERGY RELATED PROJECTS

Nova Scotia
Department of Mines and Energy

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Minister

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Introduction

This report endeavours to draw together under one cover, the variety of federal and provincial government programs and initiatives available to those corporations and individuals wishing to undertake an energy-related project in Nova Scotia. These programs and initiatives fall into three basic categories; the first being tax related, the second related to financial incentives from government, and the third involving information transfer from government that may be useful to private sector operators.

The report is organized in the same manner starting with the various federal initiatives and running through the provincial sector to joint federal-provincial efforts. The appendix cross-references each program and initiative with the sponsoring department.

The documentation outlined with each program or initiative attempts to describe the program and indicate the incentives available. In many cases, various eligibility criteria are provided, although for some programs, this is not specified. Those parties interested in a particular program but unsure whether they fall within the provisions of the program, should contact the sponsoring department for an interpretation. The type of assistance available and the detailed rules to be followed can also be more fully explained at that time.

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FEDERAL TAX INCENTIVES

Sales and Excise Taxes

The federal Excise Tax Act stipulates a 12 percent consumption or sales tax on goods produced or imported into Canada. A number of items, some of which are related to mining or energy projects, are either exempted from the tax or else one can apply for a rebate of a portion of the tax.

Mined products such as crushed stone, ores of all kinds, sand and gravel and vermiculite, are exempted from the tax.

In addition, certain production equipment, processing materials and plans used in mining and energy projects are exempted from the 12% tax. This includes off-highway trucks used exclusively at mines and quarries, pipes or tubes used in connection with natural gas or oil wells, machinery and apparatus used in exploration, discovery or development, as well as drilling mud and geophysical surveying and precision instruments.

Select products are subject to reduced rates of excise tax. Gasoline used by a person for commercial or business purposes is eligible for a rebate of the 1.5 cents/litre tax. Aviation gasoline used in the exploration and development of natural resources and map making operations, is also eligible.

At the same time, certain persons engaged in the extraction and processing of minerals and the restoration of strip-mined land, are eligible for a fuel tax rebate of 3.0 cents/litre on gasoline and diesel used while engaged in these mining activities. This does not include the exploration or development phase activities.

Income Tax Provisions

Incentives for exploration, development and production of petroleum and minerals contained in the Income Tax Act include:

Exploration Tax Credit - A 25% investment tax credit is applicable to all oil or gas well exploration expenditures in excess of $5 million per well and is fully deductible against federal taxes otherwise payable. Any portion of this credit which is unused in any year is refundable to the extent of 40%.

Canadian Exploration Expense - All oil, gas and mineral exploration expenditures including geological, geophysical and drilling are 100% deductible from income.

Canadian Development Expense - Oil, gas and mineral development expenses may be deducted from income at a 30% declining balance depreciation rate.

Oil and Gas Property Expense - The cost of acquiring oil and gas properties may be deducted from income on a 10% declining balance basis.

Earned Depletion - The deduction from income is equal to 25% of income up to a maximum of the taxpayer's earned depletion base at year end. This base is equal to 33 1/3% of mining exploration expenditures. The allowance may be in addition to the Canadian Exploration Expense for specific items.

Resource Allowance - This deduction from income is equal to 25% of resource profits. Resource profits are defined as gross revenues less operating costs and capital costs for the resource activity.

Incentives for the Acquisition of Energy Equipment

Certain energy equipment qualifies for faster than normal capital cost allowance write-off. Energy conservation equipment and equipment generating electrical energy from wind, for use in a business, are eligible for a three year total write-off. The wind energy and equipment generally includes fixed location wind-driven turbines and ancillary generating equipment. Capital cost rates for other energy equipment are currently as follows:

Item	Depreciation Rate	Class
Mine Shafts	100%	12
Heat Recovery Equipment	up to 50%	34
Manufacturing and Processing Machinery and Equipment	50%	29
Electrical Generating Equipment	up to 50%	2, 8, 9, & 34
Mines	30%	28
Mining Equipment	30%	10
Oil Well Equipment	30%	10
Offshore Drilling Vessels	30%	7
Oil Storage Tanks	10%	6
Distributing Equipment and Plant of Producer or Distributor of Heat	6%	2
Gas Manufacturing and Distributing Equipment	6%	2
Gas Pipelines	6%	2
Gas Plants	6%	2
Oil Pipelines	6%	2

Investment Tax Credits

Investment tax credits are earned on certain property acquisitions and capital expenditures in Nova Scotia and are fully deductible against federal taxes otherwise payable. The investment tax credit in Nova Scotia is 20% for all qualifying investments in mining, the oil and gas sector, manufacturing, agriculture, forestry and fishing. Qualifying investments include all new capital or tangible item expenditures after the exploration and development stages but does not include transportation items. This credit also applies to the offshore area of Nova Scotia.

Investments in transportation and construction equipment earn a 7% credit rate. This credit, which is currently scheduled to be phased out, will be reduced to 5% in 1987, 3% in 1988 and 0% in 1989.

Certified property, including prescribed buildings and machinery and equipment acquired as part of a manufacturing and processing operation (other than in an initial processing operation in a resource-based industry) in certain areas of the Province[1], is eligible for a 40% special investment tax credit.

Any portion of the above investment tax credit that is unused in the year it is earned may be carried forward for seven years or back three years. Large corporations are eligible for a 20% refund of the tax credit while small and unincorporated businesses[2] are entitled to a 40% refund. These refundability provisions are currently scheduled to expire December 31, 1988.

Investment in the Cape Breton area in agriculture, forestry, fishing, mining, the oil and gas sector and manufacturing is eligible for a 60% investment tax credit. The minimum required investment in depreciable property for a qualifying project is $25,000. The refundable portion of the unused Cape Breton investment tax credits (CBITC) earned in a year is 40% for large and small businesses. The CBITC can be carried forward for ten years and back for three to the investor's maximum tax advantage. The CBITC must be applied for by July of 1988. The refundability is due to expire December 31, 1988.

1 Guysborough County excepting the Mulgrave area which qualifies for the Cape Breton Investment Tax Credit.

2 as defined in the Income Tax Act

Research and Development Tax Credit

Scientific research and development expenditures in Nova Scotia are eligible for tax credits against both federal and provincial taxes payable.

At the federal level, the credit for general corporations is equal to 30% of eligible expenditures in the province. A 35% rate applies to the first $2 million of current expenditures on scientific research and experimental development by small business. Unused portions of this credit are 20% refundable for large corporations and 40% refundable for small corporations and unincorporated businesses. Credits may be carried forward seven years and back three years. Refundability is scheduled to expire December 31, 1988; however, the 35% credits earned for R & D expenditures by small research and development companies will continue to be refundable beyond 1988.

Manufacturing and Processing Incentives

In addition to the special income tax credits noted earlier, manufacturing and processing activities are provided an incentive through the income tax system in the form of a tax reduction on profits. Effectively, this provision reduces the federal tax (less the provincial abatement) to 10% on small business[1] income and 30% on all other manufacturing income. The recent (February 26, 1986) federal budget provides for further reductions to these rates. The following table summarizes the current and proposed manufacturing tax rates and compares them to general corporate rates.

Federal Corporate Income Tax Rates
(Effective July 1 of Each Year)

	Current Rates	1987	1988	1989
	(per cent of taxable income)			
Manufacturing Business	30	28	27	26
Other Business Sectors	36	35	34	33
Small Manufacturing Business	10	8	8	8
Other Small Business	15	14	13	13

[1] as defined in the Income Tax Act.

Accelerated Capital-Cost Allowance (Class 34)

The purpose of this provision in the Income Tax Act is to encourage business and industry to install equipment and facilities in order to reduce energy waste, to decrease dependence on oil and to convert to renewable energy resources. Class 34 offers an accelerated, capital-cost allowance of "fast tax write-off" applicable to machinery and equipment that forms part of an eligible energy system covered by Class 34 of the Income Tax Regulations. The assets which qualify either save energy or utilize energy resources other than oil. Furthermore, they must have been purchased by a Canadian taxpayer for use in a business in Canada and must also be certified by the Minister of Energy, Mines and Resources (EMR) as qualifying under the Income Tax Regulations, Class 34.

FEDERAL CONTRIBUTORY PROGRAMS

Natural Gas Vehicle Program

The Program is national in scope. It offers a $500 taxable contribution to participating owners for each vehicle converted to natural gas. Only provincial government vehicles and vehicles designed to operate indoors or underground are not eligible.

Petrochemical Feedstocks Program

The profitability of the petrochemical industry is highly dependent on oil and gas feedstock costs which constitute well over half of the production expenses.

Much of the industry was built on the premise that Canadian oil and gas prices would be less than those in the U.S. The present policy thrust towards market-related pricing for oil and gas, coupled with a very competitive petrochemical market outlook, threatens the profitability of certain sectors of the industry and is forcing the oil-based olefins sector to become more feedstock-flexible.

Thus far, the oil-based sector in all provinces has received short-term assistance through a remission of the final Petroleum Compensation Charge increase (the Petroleum Levy Offset Program - Nov. 1984 through June 1985).

Industry performance is being closely monitored to observe the effects of oil price deregulation on the oil-based sector's competitiveness.

Industry Energy Research and Development Program (IERD)

The purpose of the program is to effect research and development which will increase the efficiency of energy use throughout industry. The program also provides other benefits such as job creation, improvement of industrial capability and new market opportunities. IERD responds to requests for financial assistance for projects from the private sector, and assistance is available to all companies established in Canada. The federal government's contribution is based on company resources, the degree of risk of the project, and incrementality. The level of support for IERD projects is normally up to 50 percent of eligible costs.

Super Energy Efficient Home (SEEH) Program

The program will support the construction of approximately 20,000 energy-efficient housing units to be built across the country by 1991. Funds will be available to develop and refine the technologies, to train builders and tradesmen, to assist in promoting R-2000 homes and to develop the infrastructure necessary to support the commercialization of R-2000 homes without long-term government support. Incentive payments are made directly to the builder with $5,000 going towards the first unit, $1,500 towards the second, and $400 thereafter.

In Nova Scotia, the estimated percentage of units to be built is 10% of the national total. This percentage will be modified on the basis of the level of construction activity in the region.

Energy Research and Development (R&D)

Although energy R&D is carried out by many federal departments and agencies, the Department of Energy, Mines & Resources (EMR) is responsible for coordination and plays a key role in planning. The resources made available for energy R&D are allocated through approval procedures of the interdepartmental Panel for Energy Research and Development (PERD).

General R&D needs are identified in a policy framework which reflects current government policy. They include emphasis on fossil-fuel resources and reduced emphasis on renewable energy sources. They also include the efficient use of energy (conservation) and the development of new liquid fuels and alternative energies. Conventional energy technologies also require R&D assistance to ensure progress toward energy self-sufficiency.

The federal R&D program under PERD is divided for administrative purposes into six tasks.

- Conservation; including devices to make efficient use of energy
- Oil Sands, Heavy Oil and Coal; excluding coal conversion
- Nuclear Energy; nuclear fusion research only
- Renewable Energy; including solar, wind, geothermal and biomass
- New Liquid Fuels; including synthetic gasoline, alcohols and hydrogen
- Conventional Energy; including oil, gas and electricity

Examples of research and development projects of special significance to Nova Scotia and coordinated by the Office of Energy Research and Development (OERD) include:

Fluidized-Bed Combustion (FBC)
Coal-Liquid Mixtures
Tunnel Boring Machines
Tidal Energy Devices
Offshore Oil and Gas

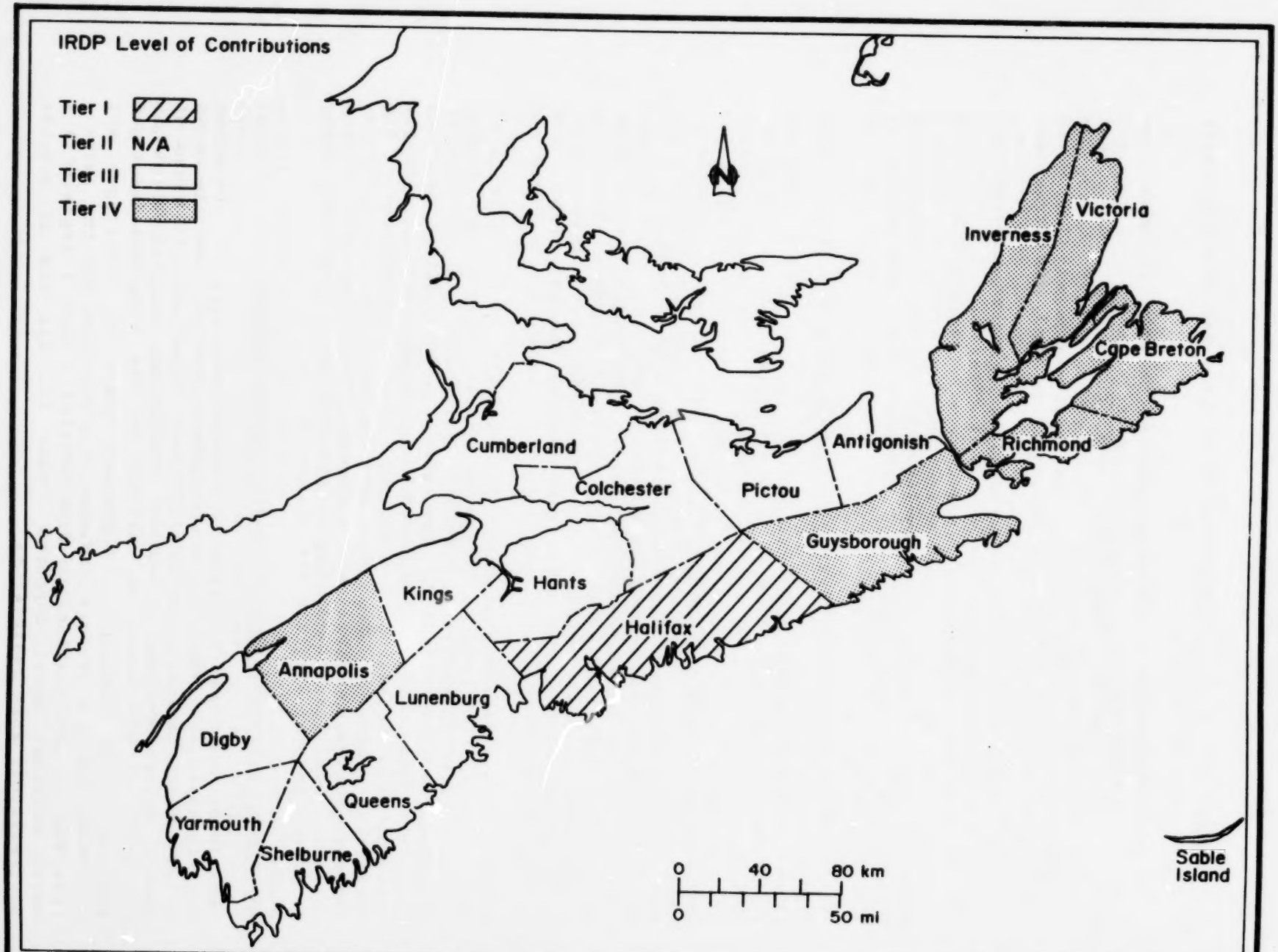
Bioenergy Development Program (BDP)

This program provides support for the research, development and demonstration of new technologies and methods that would further advance the use of bioenergy in Canada. Its scope extends from the receipt and preparation of all forms of biomass, especially forest and municipal biomass, as well as peat, aquatic and agricultural biomass, to its transformation and combustion to a usable energy form.

Project demonstration assistance is available to all sectors of the economy including business, institutions, non-profit organizations, communities, federal, provincial and territorial agencies, and individuals. Applicants must submit a detailed proposal which will be evaluated on: energy impact, project management, technical viability, and potential for commercialization. The government's contribution will be proportional to the applicant's commercial risk as well as the potential benefits. Technologies assessed as commercially ready or proven are not eligible for assistance.

Industrial and Regional Development Program (IRDP)

The IRDP provides a range of financial support including contributions and repayable contributions over various phases of a typical corporate production cycle. Since not all areas of Canada enjoy the same economic prosperity, support which is available in all areas is enriched in the more disadvantaged regions of the country. Different tiers of assistance are allocated for the various regions of a province and the country (see map for designations in Nova Scotia). Tier I represents a basic national level support. Tier II, III and IV provide progressively more assistance.


IRDP Level of Contributions
Tier I
Tier II N/A
Tier III
Tier IV
N
Victoria
Inverness
Cape Breton
Richmond
Antigonish
Cumberland
Colchester
Pictou
Guysborough
Hants
Kings
Halifax
Annapolis
Lunenburg
Digby
Queens
Yarmouth
Shelburne
0 40 80 km
0 50 mi
Sable Island

The level of assistance varies by tier and is a portion of the cost of a particular task undertaken by the applicant. The four elements of the production cycle to be assisted are:

- innovation including studies, developing new products or processes, developing technological capability, development and demonstration and design;
- establishment including studies and plant establishment
- modernization/expansion including studies, modernization and expansion, and
- marketing including activities promoting the acceptance of Canadian standards and product specifications and studies

Eligibility

Eligibility is determined by the Industrial and Regional Development Act and Regulations. An application will not be eligible unless it is received by the Department before a legal commitment towards the project's costs is made. No project will be supported unless it would not proceed, insofar as location, scope or timing are concerned, unless support is provided. Individuals, partnerships, cooperatives, corporations, etc. are eligible provided the project or activity is undertaken in Canada.

Enterprise Cape Breton

Under the aegis of the Department of Regional Industrial Expansion (DRIE), the Enterprise Cape Breton agency has recently been introduced to centre all program delivery with application to Cape Breton in one agency. This single agency acts as a clearing house for all federal organizations involved with Cape Breton development, including all programs of DRIE and Cape Breton Development Corporation (CBDC). As well, Enterprise Cape Breton works in close contact with the Strait of Canso Industrial Development Authority (SCIDA), the Nova Scotia Department of Development (DOD) and the Canada Employment and Immigration Commission (CEIC).

One step taken to lure investment to the area is the Cape Breton Investment Tax Credit. It is more fully discussed in the federal income tax incentive section.

Another inducement is the Cape Breton Topping-Up Assistance (TUA) which can provide up to 60% of total investment capital required for plant and/or equipment in new or expanded enterprises in Cape Breton. While the TUA is designed to supplement the normal funding levels under the federal government's IRDP package, the TUA can provide investment monies for any projects falling under the scope of DRIE (i.e. whether IRDP applied or not).

The TUA is applicable to a very broad range of enterprises. Eligible activities include:

- manufacturing and processing
- services to business
- receiving/storage/distribution facilities

Atlantic Enterprise Program (AEP)

This program, available through DRIE, offers federal assistance to businesses across a wide range of industry sectors and complements DRIE's other assistance programs. The aim is to assist businesses operating in the Atlantic region to grow, providing new jobs for Atlantic Canadians.

Two types of assistance are available - interest buy-downs and loan insurance.

Interest buy-downs: contributions may be offered to businesses under AEP to buy down, or reduce, the interest rate up to a maximum of six percentage points on new term loans for approved projects. For example, a borrower with interest charges of 13% may receive a contribution through AEP reducing the interest to as low as 7%.

Loan Insurance: AEP can offer 85% insurance on loans by eligible lenders for new capital investment on projects in an approved sector. Lenders are charged a yearly fee of 1% of the insured amount.

Appliction can be made for either the loan insurance or interest buy-down, or both. Loans for mergers, acquisitions and refinancing do not qualify for support.

Eligibility

A wide range of eligible business and industry sectors are included under the program such as mining, and services to business in the resource sector. A project is defined as the establishment, expansion or modernization of a commercial operation in an eligible sector.

Assistance can be provided for projects which would otherwise not proceed and which will make a significant economic contribution to both the Atlantic region and Canada as a whole. Projects should be commercially viable and should not have adverse effects such as creating overcapacity in a sector.

Individuals, partnerships, cooperatives and corporations may apply under AEP. Loans under AEP may be made by a private lender such as a bank, credit union, caisse populaire or other cooperative society, trust company, loan company, insurance company or pension fund. The project should be financed with a reasonable percentage of private equity.

Federal Business Development Bank (FBDB)

The FBDB offers a number of services to promote and assist most types of businesses in Canada either at the start-up stage or at some other stage in their development. It pays particular attention to small and medium sized businesses. FBDB offers three principle services: financial services (loans, loan guarantees, and financial planning), investment banking, and management services.

Financial Services

- term loans allow a customer to acquire fixed assets such as land, buildings, machinery, and equipment. These loans can be offered at floating rates or at rates fixed for periods of 1, 2, 3, 4 or 5 years. Term loans can also be extended to customers to finance many other business proposals, including the purchase of an existing business.

- loan guarantees may be offered to a client in its dealings with a chartered bank or other financial institutions. A small commission is charged for this service.

- the financial planning program offers businesses services in three specific areas to maximize a client's chances of getting assistance from lending institutions, investors, or government agencies. This includes financial matchmaking between potential investors with business people seeking funds; do-it-yourself kits which provide all the forms, documentation and explanation necessary for a small business operator to plan important aspects of the business; and packaging of financing proposals whereby a team of FBDB experts develop proposals for those clients seeking financing for larger projects.

Investment Banking - for clients requiring equity, FBDB is prepared to purchase shares in the business or work with other financial institutions in the private sector to obtain the equity financing required. The Bank's financial participation is intended to be temporary in nature, but can last for a period of time sufficient to provide a durable benefit to the company and a return for the Bank commensurate with the risk.

Management Services - the FBDB provides one of the most important sources of business counselling, training and information for small and medium-sized businesses in Canada including business management and joint seminars, management clinics, owner/manager courses, information services and publications.

FEDERAL INFORMATION TRANSFER PROGRAMS

Buildings Energy Technology Transfer (BETT) Program

The program seeks to carry out research and development work on energy use and conservation in buildings in order to support the policy and programs development function of the Energy Conservation and Oil Substitution Branch (ECOSB), and to deliver the necessary technological know-how to practitioners in building design, construction and operation.

The Program is divided into segments that correspond with the way the building sector itself is divided, according to function and physical characteristics (i.e. low-rise residential, medium- and high-rise residential, office, retail, warehouses, restaurants, etc.). Work in each of the above sectors is coordinated by selected prime contractors, normally universities or research institutes. These contractors act as a channel for funds to sub-contractors for specific studies under the Program. The Department of Energy, Mines and Resources, through its representatives on the Coordinating Committee (which also includes representatives of the contractors), provides for overall management and administrative control of the Program.

Energy Management and Technology Transfer (EM&TT) Program

The EM&TT is designed to assist industry, commerce and institutions to reduce energy consumption by increasing their general awareness and technical knowledge of energy management practices, energy conservation technologies, and potential for attainable achievements.

Assistance is provided by means of training manuals and other educational material, and the holding of seminars and workshops.

Industrial Energy Conservation Task Force Program

This program endeavours to assist industry to achieve a high degree of energy efficiency in manufacturing and processing systems on the basis of current and expected energy prices.

The core of the program consists of 20 voluntary Industrial and Commercial/Institutional Energy Conservation Task Forces operating under a process known as the Canadian Industry Program for Energy Conservation (CIPEC). These Task Forces, first organized in 1975, cover the major energy-using sectors of industry, commerce and institutions. Organized through the major trade associations, the functions of these groups are to exchange information among member firms, to set and report on targets for improvements in energy-efficiency and to serve as a focal point for government-industry discussions of energy matters. Working closely with these Task Forces, the Industrial Energy Division of the Energy Conservation and Oil Substitution Branch (ECOSB) has developed a program to assist industrial firms to identify energy waste and undertake corrective measures to reduce energy consumption and costs. The Division coordinates the overall CIPEC program and also manages the direct, financial support elements. The latter involves three separate elements: financial support to individual energy conservation task forces to implement energy conservation programs; costs covering the planning and direction of activities of the 20 task forces; and funds provided for energy conservation studies.

Canada Centre for Mineral and Energy Technology (CANMET)

The Canada Centre for Mineral and Energy Technology is a research branch of the Department of Energy, Mines and Resources. The mandate of CANMET is to enhance the role and contribution of minerals and energy to the Canadian economy by means of mission-oriented research and development.

CANMET maintains a close partnership with Canadian energy industries and electrical utilities by encouraging innovative R&D, often through cost-shared programs. CANMET seeks to further develop Canada's petroleum and coal-based resources by improving extraction and upgrading technologies and improving utilization of the primary products. All available means of technology transfer are used to ensure that federal R&D efforts reach Canadian industry, its intended beneficiary. CANMET is Canada's leading agency for fossil-fuel energy research.

Activities carried out in Nova Scotia under CANMET include:

- Coal Research Laboratory - Cape Breton
- Fluidized-Bed Pilot Plan
- Coal-liquid Mixtures
- Coal Liquefaction

Eligibility

Unsolicited proposals for research and development from the private sector are encouraged. Projects will be accepted if they fit within the mandate of the agency. The degree of cost sharing of project costs is flexible.

Earth Physics Branch

The objectives of the Earth Physics Branch are to ensure the availability of geophysical data, information, technology, standards and expertise concerning the configuration, evolution, structure and dynamic processes of the solid earth and the hazards associated with natural and induced geophysical phenomena, with special reference to the Canadian landmass.

Programs include:

- Geothermal Energy
  To investigate and demonstrate potential geothermal resources and to develop and stimulate techniques of resource exploration and mapping.

- Atlantic Geoscience Centre
  The objective of this centre is to ensure the availability of comprehensive knowledge, technology and expertise on the geology (including resources) of the Atlantic and Arctic offshore regions of Canada and the sedimentary basins of the Appalachian region, and the ocean basins globally as may be necessary to meet Branch objectives.

  The Centre carries out only a small amount of work onshore in the Atlantic region -- principally coal research, through which substantive advice has been provided in recent years to both Nova Scotia and New Brunswick.

- Geological Survey of Canada (GSC)
  Energy-related activities in addition to the normal work of the Atlantic Geoscience Centre.

  The work of the GSC that relates to the energy program normally includes detailed geological examination of mineral and coal deposits, and airborne geophysical surveys to assist in the interpretation of the geological data.

Provincial Tax Incentives

Sales Tax

Exemptions

The major categories of energy products currently exempt from provincial sales tax are thermal insulation materials, including fiberglass, cellulose fibre, foamed plastic, resins for foamed-in-place insulation, and weatherstripping for use around windows and doors, double and triple glazed windows, storm windows and doors, patio doors which are double or triple glazed, double sliding windows and primary doors which are heavily insulated.

Also exempted are heat pumps, heat recovery units for extracting heat from waste air or water, time-controlled thermostats for heating systems and devices to recycle heated air. Further items exempted are coal and wood burning devices. These include wood/coal stoves, wood/coal furnaces, repair parts to wood/coal stoves and wood/coal furnaces, stove pipe to the chimney, draft regulators for wood/coal stoves or furnaces, heatilators for fireplaces and fireplace inserts.

Miscellaneous exempted items include: explosives bought by a miner at his own expense and used by him in mining coal; machinery and apparatus used solely for the purpose of splitting wood excluding manually powered machinery or apparatus; electricity produced or manufactured from waste material; and, energy shared between two related corporations.

A restricted class of machinery and equipment and parts thereof which are to be used in research and development are also exempt.

Finally, items to be engaged in the production or processing of non-renewable resources including some surveying instruments and equipment for the purpose of exploration for minerals and petroleum, and machinery and apparatus used in the exploration for minerals and petroleum, extraction and primary crushing of raw ores, and the extraction of petroleum at petroleum and natural gas production sites, shall pay a tax at the rate of four percent of the purchase price of the items.

Rebates

Certain solar and wind energy projects are eligible for a sales tax rebate.

Eligibility

Only those materials which form part of the solar collection, storage, control or fluid transfer components of the solar heating system are eligible for a Provincial Sales Tax Rebate. Collection, transmission, conversion, support structure, storage device and auxillary equipment of wind energy systems are eligible for the same rebate. Conventional back up and distribution systems are ineligible for rebates.

Income Tax Incentives

The Nova Scotia R & D tax credit is equal to 10% of eligible expenditures in scientific research and development. Basic research and some development projects qualify for the tax relief considered within this incentive. This credit is applicable to Nova Scotia income taxes payable.

Provincial Contributory Programs

Black Business Opportunity Program (BBOP)

This program was established as a stimulus to create and maintain jobs in black businesses, and to bring members of the black business community into the mainstream of economic activity in Nova Scotia.

The program has two objectives:

- To assist in the establishment, expansion or modernization of any commercial operation engaged in the utilization of primary resources, manufacturing, processing or the provision of services;

- To provide training for black business people or their key staff where necessary for successful business operations.

Rural Industry Program (RIP)

The Rural Industry Program is a provincially funded grant incentive program which assists in the development of small business in rural Nova Scotia. The program provides grants primarily to the secondary manufacturing and processing sector and to a lesser degree, to selected service industries.

Note: The RIP can only cost-share those eligible assets purchased after an application is approved.

Machinery and Equipment Tax Rebate Program

This program assists small businesses by rebating a portion of municipal taxes paid on machinery and equipment used for manufacturing and processing. The rebate on municipal taxes is paid on the first $1 million of assessment.

Trade Expansion Program (TEP)

This program offers grants to assist Nova Scotia firms wishing to attend trade fairs and exhibits, conduct market identification investigation, attend market education courses and host incoming buyers.

Types of Assistance

i) Trade Fairs and Exhibits: Nova Scotia firms are encouraged to display their products and services in appropriate trade fairs and exhibits to establish new markets or introduce new products.

Reimbursable costs may include:

- costs for booth space;
- 50% of return economy airfare costs for company personnel approved by the Department of Development;
- for one person, up to $75 per day for hotel, meals and other expenses; and
- for a second approved company representative, up to $50 per day for hotel, meals and other expenses.

ii) Market Identification: Nova Scotia firms are encouraged to investigate potential marketing, joint-venture and licensing opportunities and to examine new technologies that could improve the economic status of their business operations directed to the export market.

Reimbursable costs may include:

- 50% of the return economy airfare costs for company personnel approved by the Department of Development;
- for one person, $75 per day for hotel, meals and other expenses; and
- for a second approved company representative, $50 per day for hotel, meals and other expenses.

iii) Market Education: The Nova Scotia business community is encouraged to develop increased knowledge and understanding of the techniques and methods of modern marketing.

Reimbursable costs may include:

- 50% of the return economy airfare costs for company personnel approved by the Department of Development;
- 50% of tuition, registration and textbook costs;
- $50 per day for hotel, meals and other expenses.

iv) Incoming Buyers: Nova Scotia firms are assisted in bringing buyers or potential licensing or joint-venture partners into the Province to visit the firm's facilities.

Reimbursable costs may include:

- return economy airfare to and from Nova Scotia for one buyer representing one company to visit the applicant's facilities.

Eligibility

It must be reasonably established that:

- The applicant is a Nova Scotia manufacturer, processor or from a selected service industry.
- The project is likely to bring new business or expose the Nova Scotia firm to new techniques in marketing.
- The project will create new business and Nova Scotians will receive significant benefits in terms of income and employment.
- In the case of market education projects, the education must significantly benefit the Nova Scotia firm's operations.

Product Development Management Program (PDMP)

The Product Development Management Program is designed to provide support for business within essential phases of the product development cycle.

This program has been developed to assist manufacturers in developing innovative products and upgrading the design quality of existing products. This assistance is intended to help clients strengthen their competitive position through diversification and improvement of product lines, enhanced marketability, and improved efficiency and profitability.

The Product Development Management Program provides grant assistance to local industry for the design and development of products, packaging and marketing literature.

Type of Assistance

PDMP grants provide up to 50% of the development costs submitted by a consultant designer to do:

- marketplace research to identify product trends and specific product requirements;
- design and development of product as identified by marketplace research;
- design and development of new packaging, and
- design and development of new marketing literature directed toward export sales.

PDMP offers up to 50% of approved costs to a maximum of $7,500 for marketplace research and product design and development and 50% of approved costs to a maximum of $2,000 for packaging and market literature design.

Industrial Estates Limited (IEL)

Industrial Estates Limited is a Nova Scotia crown corporation created to support the establishment and expansion of manufacturing industries throughout the Province. Its Board of Directors is composed of leading Nova Scotia businessmen who understand the objectives and problems related to successful corporate investment.

An advisory council, which includes international leaders in business, industry, finance and law, was established in 1962. The services and recommendations of IEL's directors and council are readily available to assist clients in reaching decisions.

On behalf of the Province of Nova Scotia, IEL owns and operates 13 industrial parks, in Amherst, Bedford (2), Dartmouth, Debert, East Chezzetcook, Kentville, Liverpool, Mulgrave, Sackville, Shelburne, Springhill and Stellarton. In all locations, fully serviced and prepared sites are available at competitive prices. Pursuant to a federal/provincial ocean-industry development agreement, the Woodside Industrial Park in Dartmouth has been designated for the exclusive use of ocean industries.

IEL also carries out major land assembly projects and administers its own Financing Program and the Industrial Incubation Program.

IEL Financing Program:

The minimum loan financing available under this program is $250,000. IEL can finance, at competitive interest rates, up to 100% of the land and buildings and up to 60% of the installed cost of equipment for a new enterprise or a plant expansion. Financing of land and buildings over a 20-year period and of machinery over a 10-year period is customary.

Industrial Incubation Program:

To encourage the start-up of new manufacturing and processing enterprises in Nova Scotia, IEL has constructed a number of multi-tenant industrial malls throughout Nova Scotia. These malls offer self-contained manufacturing and office space.

Eligibility

Manufacturers and processors qualify for assistance provided they meet one or more of the following conditions:

- They manufacture products not already made in Nova Scotia.
- They introduce new technology to manufactured products already being made in Nova Scotia.
- They expand their enterprise from "cottage" status to commercial production.
- They experiment with and develop new product lines by existing manufacturers.
- They have established any potentially viable business in the manufacturing and processing sector with a need for special incentives or assistance.

Type of Assistance

Assistance is in the form of a rental subsidy for a five-year period as follows:

Year 1	60% of commercial rate	
Year 2:	40% of commercial rate	
Year 3:	20% of commercial rate	
Year 4:	0% of commercial rate	
Year 5:	-10% of commercial rate	(tenant pays 10% over commercial rate)

After the maximum period of five years, tenants are expected to construct their own facilities to make space available for new enterprises.

Nova Scotia Resources Development Board (NSRDB)

The Resources Development Board was created to ensure financial support for Nova Scotia businesses directly involved in tourism and resource industries sectors. A support staff to the Board is responsible for the promotion and administration of this loan program.

Industrial Loan Program:

In accordance with the Industrial Loan Act, loans are available to businesses engaged in the tourist industry and for processing plants in agriculture, forestry, fisheries and other natural resource-related industries.

Type of Assistance

Loan financing is available to a maximum of 75% of the value of the project. The term of such loans may be extended to a maximum of 20 years.

Nova Scotia Venture Corporations Board (NSVCB)

In accordance with the Nova Scotia Venture Corporations Act, NSVCB ensures the availability of risk capital throughout the Province by providing financial incentives to Venture Capital Corporations (VCCs), which in turn provide risk capital and management assistance to small businesses.

Type of Assistance

The government loans to the Venture Capital Corporation, an amount equal to its paid-in equity. The loan is interest free for 10 years and repayment also starts at that time.

Eligibility

In order to form a venture corporation, 51% of the major shareholders must be Nova Scotia residents. Investors must form a Venture Capital Corporation with paid-in equity between $25,000 and $5,000,000. At least one shareholder (or group of affiliated shareholders) must own 30% of the Venture Capital Corporation shares or $150,000 equity.

Independent investments are made by the VCC (by purchase of equity or an unsecured loan) in eligible Nova Scotia companies. A list of registered VCCs is available. Prescribed business activities include: manufacturing and processing, tourism, mineral exploration, video and audio studios, printing and publishing, research and development, farming, fishing, aquaculture, computer services, shopping, transportation and geological services.

At least $50,000 must be invested by the end of the first year, $100,000 by the end of the second.

Investee companies of the VCC must have no more than 100 employees and 75% of wages and salaries must be paid to Nova Scotia residents. VCC investments in small businesses cannot exceed 49% of shares, and investment must be at arms' length. The investment may not be used by a small business for re-lending, re-investing or investment in land (except as incidental to business purposes).

Provincial Information Transfer Programs

Provincial Energy Analysis Program (P.E.A.P.)

P.E.A.P. offers two services: Energy Analysis and Follow-up Services. Energy specialists with years of experience will analyze energy use, recommend priority conservation measures and help plan implementation.

The energy analysis is performed at the building or operations site by energy specialists of the Department of Mines & Energy who have the experience and knowledge needed to evaluate current patterns of energy use and the potential for improvements. They have the computer programs to calculate energy losses and perform other essential tasks.

The energy analysis produces a list of measures to reduce energy use, the approximate cost of each measure, and the expected energy saving. It simplifies decision making about where to spend money on energy conservation projects and provides a guide for long range planning.

The second service, the provision of follow-up services, gives planning assistance for the implementation of recommended conservation measures. An energy specialist will provide further information on the cost and expected savings of energy conservation measures and will discuss in detail the results of the energy analysis.

Eligibility

P.E.A.P. is open to all facilities and buildings that are owned, operated or assisted by a municipal or provincial government, including those of its agencies, boards and commissions. The most common ones are: offices, schools, recreation facilities, housing units, health care facilities, legal and correction facilities, garages and warehouses, colleges and universities, libraries, utilities, tourist facilities, fire and police facilities.

Technical Services

The Technical Services Branch of the Department of Development provides information of a technical or engineering nature to assist businesses and other government departments or agencies. It also implements development-related projects.

Joint Federal-Provincial Contributory Programs

National Conservation and Alternative Energy Initiative (NCAIE)

NCAEI is an undertaking by the federal government to provide effective coordination of independent and joint federal and provincial activities in the areas of energy conservation and alternative energy.

Agreements between the federal and participating provincial governments will direct initiatives towards the realization of the substantial potential for cost-effective energy conservation and the economic use of alternative energy sources in each of the provinces. It will establish a framework of cooperation and consultation for projects planned, funded, and delivered independently by one or the other government or jointly by both governments.

The initiative is a major redirection of energy conservation and alternative energy programs approved by the federal government in the spring of 1985. This new initiative concentrates on support for energy research and demonstration, technology transfer and the improvement of consumer awareness. This will encourage investments in energy efficiency and alternative energy.

Sectors to be covered under the initiative include:

- existing homes
- new housing
- renewable energy
- transportation
- industrial/commercial/institutional

It is expected that such an arrangement will bring about significant improvements in energy efficiency and will reduce duplication of government services to individuals and businesses.

Canada-Nova Scotia Memorandum of Understanding on Energy Conservation and Alternative Energy

In May 1986, the governments of Canada and Nova Scotia signed a Memorandum of Understanding valued at $6.7 million. The Agreement enables the two levels of government to perform the initiatives envisaged in the federal NCAEI. The Agreement, to last to March 31, 1988 is a combined undertaking of the federal and provincial governments under which activities will be performed on a joint basis by both parties or on a complementary basis in which one party funds and implements the activities independently.

Activities of the agreement fall within the same broad categories as those outlined in the Initiative with the emphasis on planning studies, demonstrations, technology transfer and training.

Within the renewable energy category, it is contemplated that demonstration projects of interest to the business sector will include heat pump technology, forest biomass combustion systems, peat utilization and solar projects. In transportation, such projects as propane powered vehicles and infrastructure demonstrations and para-transit activities are envisaged. Demonstrations in the residential and commercial/industrial sectors will be provided for projects that exhibit the feasibility and benefits of energy conservation techniques not presently in wide use in the Province.

Eligibility

A federal/provincial Management Committee is responsible for the overall administration of the Agreement. Individual subcommittees have been established to identify and recommend activities in the residential, commercial/industrial, transportation and renewable energy areas. Due to the limited funding available under the Agreement, proposals by and large will be solicited by the subcommittees from actively interested businesses and individuals. A limited number of unsolicited proposals will also be considered.

It is expected that participants will assume at least 50% of the project cost although no firm government contributions or project cost ceilings have been established.

SPONSORING DEPARTMENTS

	Department
Federal Tax Incentives:	
1. Sales Tax	Dept. of National Revenue
2. Income Tax	" " " "
3. Accelerated Capital-Cost Allowance	Energy, Mines & Resources
Federal Contributory Programs:	
4. Natural Gas Vehicle	Energy, Mines & Resources
5. Petrochemical Feedstocks	" " "
6. Industry Energy Research and Development	" " "
7. Super Energy Efficient Home	" " "
8. Energy Research and Development	" " "
9. Bioenergy Development	" " "
10. Industrial and Regional Development	Dept. of Regional Industrial Expansion (DRIE)
11. Enterprise Cape Breton	DRIE
12. Atlantic Enterprise	DRIE
13. Federal Business Development Bank	DRIE
Federal Information Transfer Programs:	
14. Buildings Energy Technology Transfer	Energy, Mines & Resources
15. Energy Management and Technology Transfer	" " "
16. Industrial Energy Conservation Task Force	" " "
17. Canada Centre for Mineral and Energy Technology	" " "
18. Earth Physics	" " "
Provincial Tax Incentives:	
19. Sales Tax Exemptions	N.S. Department of Finance
20. Sales Tax Rebate	" " "
21. Income Tax	" " "
Provincial Contributory Programs:	
22. Black Business Opportunity	N.S. Department of Development
23. Rural Industry	" " "
24. Machinery and Equipment Tax Rebate	" " "
25. Trade Expansion	" " "
26. Product Development Management	" " "
27. Industrial Estates Limited	" " "
28. N.S. Resources Development Board	" " "
29. N.S. Venture Corporation's Board	" " "

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	Department
Provincial Information Transfer Programs:	
30. Provincial Energy Analysis	N.S. Dept. of Mines & Energy
31. Technical Services	" " " " " "
Joint Federal-Provincial Contributory Programs:	
32. National Conservation and Alternative Energy Initiative	Energy, Mines & Resources and
33. Memorandum of Understanding	N.S. Dept. of Mines & Energy

PROGRAM CONTACTS & ADDRESSES

1. Tax Interpretations
   Dept. of National Revenue
   P. O. Box 1658
   Halifax, N. S.
   B3J 2Z8

2. Director General
   Dept. of Revenue Canada
   Taxation
   875 Heron Road
   Ottawa, Ontario
   K1A 0LA

3. Tax Incentive Programs
   Secretariat
   Industrial Energy Division
   Energy Conservation Branch
   Energy Policy, Programs & Conservation
   Dept. of Energy, Mines & Resources (E.M.R.)
   460 O'Connor St.
   Ottawa, Ontario
   K1S 5H3

4. Transportation Energy Div.
   Energy Commodities Sector
   Dept. of Energy, Mines & Resources
   460 O'Connor St.
   Ottawa, Ontario
   K1S 5H3

5. Advisor, Petrochemicals
   Energy Commodities Sector
   Dept. of E.M.R.
   580 Booth St.,
   Ottawa, Ontario
   K1A 0E4

6. Director General
   Energy Conservation Branch
   Energy Policy, Programs & Conservation, Dept. Of E.M.R.
   460 O'Connor St.
   Ottawa, Ontario
   K1S 5H3

7. Technology Transfer & Demo.
   Programs Division
   Energy Conservation Branch
   Energy Policy, Programs & Conservation
   Dept. of E.M.R.
   460 O'Connor St.
   Ottawa, Ontario
   K1S 5H3

8. Program Advisor
   Research and Technology Sector
   Dept. of E.M.R.
   580 Booth St.
   Ottawa, Ontario
   K1A 0E4

9. Biomass Program
   Renewable Energy Branch
   Energy Policy, Programs & Conservation
   Dept. of E.M.R.
   460 O'Connor St.
   Ottawa, Ontario
   K1S 5H3

10. Regional Office
    Dept. of Regional Industrial Expansion
    1496 Lower Water St.
    P.O. Box 940, Station M
    Halifax, N. S.
    B3J 2V9

11. Enterprise Cape Breton
    P. O. Box 2001
    Sydney, Nova Scotia
    B1P 6K7

12. Atlantic Enterprise Program
    P.O. Box 940, Station M
    1496 Lower Water St.
    Halifax, N. S.
    B3J 2V9

PROGRAM CONTACTS & ADDRESSES

13. Atlantic Regional Office
Federal Business Development
Bank, Suite 1400, Cogswell Tower
Scotia Square
Halifax, N. S.
B3J 3K1

14. Technology Transfer &
Demonstration Program Division
Energy Conservation Branch
Energy Policy, Programs &
Conservation,
Dept. of E.M.R.
460 O'Connor St.
Ottawa, Ontario
K1S 5H3

15. Technology Transfer and
Demonstration Program Division
Energy Conservation Branch
Energy Policy, Programs &
Conservation, Dept. of E.M.R.
460 O'Connor St.
Ottawa, Ontario
K1S 5H3

16. Industrial Energy Division
Energy Conservation Branch
Energy Policy, Programs &
Conservation
Dept. of E.M.R.
460 O'Connor St.
Ottawa, Ontario
K1S 5H3

17. Director General,
Canada Centre for Mineral
& Energy Technology
Research & Technology Sector
Dept. of E.M.R.
550 Booth St.
Ottawa, Ontario
K1A OG1

18. Earth Physics Branch
Dept. of E. M. R.
Ottawa, Ontario
K1A 0Y3

19. Provincial Tax Commission
Tax Information Services
Dept. of Finance
P. O. Box 755
Halifax, N. S.
B3J 2V4

20. Manager, Energy Engineering
Energy Management Division
N.S. Dept. of Mines & Energy
P. O. Box 1087
Halifax, N. S.
B3J 2X1

21. Provincial Tax Commission
Tax Information Services
Dept. of Finance
P. O. Box 755
Halifax, N. S.
B3J 2V4

22. Director, Regional Offices
Dept. of Development
World Trade &
Convention Centre
1800 Argyle St.
P. O. Box 519
Halifax, N. S.
B3J 2R7

23. Director, Regional Offices
Dept. of Development
World Trade &
Convention Centre
1800 Argyle St.
P. O. Box 519
Halifax, N. S.
B3J 2R7

24. Financial Services Division
Dept. of Development
World Trade & Convention
Centre
1800 Argyle St.
P. O. Box 519
Halifax, N. S.
B3J 2R7

PROGRAM CONTACTS & ADDRESSES

25. Market Development Centre
Dept. of Development
World Trade & Convention Centre
1800 Argyle St.
P. O. Box 519
Halifax, N. S.
B3J 2R7

26. Market Development Centre
Dept. of Development
World Trade & Convention
Centre
1800 Argyle St.
P.O. Box 519
Halifax, N.S.
B3J 2R7

27. Industrial Estates Ltd.
World Trade & Convention Centre
1800 Argyle St.
Halifax, N. S.
B3J 2R7

28. Nova Scotia Resources
Development Board
World Trade & Convention Centre
1800 Argyle St.,P.O. Box 519
Halifax, N. S.
B3J 2R7

29. Nova Scotia Venture
Corporations Board
World Trade & Convention Centre
1800 Argyle St.
P. O. Box 519
Halifax, N. S.
B3J 2R7

30. Provincial Energy Analysis
Coordinator
Dept. of Mines & Energy
P. O. Box 1087
Halifax, N. S.
B3J 2X1

31. Director
Technical Services Branch
Dept. of Development
World Trade & Convention Centre
1800 Argyle St.
P. O. Box 519
Halifax, N. S.
B3J 2R7

32. Renewable Energy Branch
Energy Policy, Programs
& Conservation
460 O'Connor St.
Ottawa, Ontario
K1S 5H3

33. Director
Energy Management Div.
Dept. of Mines & Energy
P. O. Box 1087
Halifax, N. S.
B3J 2X1